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BEFORE THE ARIZONA CORPORATION

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Arizona Corporation Commission

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COMMISSIONERS

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SEP 16 2013

BOB STUMP - Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

AZ CORP COMMISSION
DOCKET CONTROL

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IN THE MATTER OF THE APPLICATION OF
ARIZONA WATER COMPANY, AN
ARIZONA CORPORATION, FOR A
DETERMINATION OF THE FAIR VALUE OF
ITS UTILITY PLANT AND PROPERTY AND
FOR ADJUSTMENTS TO ITS RATES AND
CHARGES FOR UTILITY SERVICE
FURNISHED BY ITS EASTERN GROUP AND
FOR CERTAIN RELATED APPROVALS.

DOCKET NO. W-01445A-11-0310

PROCEDURAL ORDER

BY THE COMMISSION:

On August 5, 2011, Arizona Water Company ("AWC" or "Company") filed with the Arizona Corporation Commission ("Commission") an application requesting adjustments to its rates and charges for utility service provided by its Eastern Group water systems, including its Superstition (Apache Junction, Superior, and Miami); Cochise (Bisbee and Sierra Vista); San Manuel; Oracle; SaddleBrooke Ranch; and Winkelman water systems. AWC also requested several other authorizations in the application.

On February 20, 2013, the Commission issued Decision No. 73736 ("Phase 1"), granting AWC a rate increase for its Eastern Group systems and, among other things, keeping the docket open for purposes of further consideration of AWC's proposed Distribution System Improvement Charge ("DSIC"). Additional hearings were conducted and on June 27, 2013, the Commission issued Decision No. 73938 ("Phase 2") which approved a System Improvement Benefits ("SIB") mechanism for AWC.

On July 17, 2013, the Residential Utility Consumer Office ("RUCO") filed an Application for Rehearing of Decision No. 73938, pursuant to Arizona Revised Statutes ("A.R.S.") § 40-253. RUCO requested rehearing on two issues: that the Commission should have reduced AWC's cost of equity ("COE") when the SIB mechanism was approved; and that the SIB mechanism does not qualify as an

1 adjustor mechanism and is therefore illegal under Arizona law.

2 On August 1, 2013, AWC filed a Response in Opposition to RUCO's Application for
3 Rehearing.

4 On August 5, 2013, the Commission voted in a Staff Open Meeting to grant RUCO's
5 Application for Rehearing "for the sole purpose of extending the time for the Commission to further
6 consider the application..."

7 On August 15, 2013, the Commission passed the following motion made by Commissioner
8 Bitter Smith during a Staff Open Meeting:

9
10 ...[to] grant RUCO's Application for Rehearing of Decision No.
11 73938, and also [re]open Decision No. 73736, under A.R.S. § 40-252,
12 for consideration of modifying the Decision [73736] concerning the
13 determination made related to the return on equity, and that these
14 matters shall be consolidated. Further, as part of my motion, the
Hearing Division is directed to hold proceedings on these consolidated
matters and prepare a Recommended Order for the Commission's
consideration.

15 On August 26, 2013, a Procedural Order was issued scheduling a procedural conference to
16 discuss scheduling and procedural issues.

17 The procedural conference was held on August 26, 2013, as scheduled, during which the
18 parties tentatively agreed to a hearing on November 25 and 26, 2013; filing of direct testimony by
19 October 4, 2013; and filing of rebuttal testimony by October 31, 2013.

20 On September 11, 2013, AWC filed a Notice of Acceptability of Hearing Dates, confirming
21 that the Company agrees with the tentative schedule established at the August 26, 2013, procedural
22 conference.
23

24 IT IS THEREFORE ORDERED that a **hearing shall be scheduled to commence on**
25 **November 25, 2013, at 10:00 a.m., at the Commission's offices, 1200 West Washington, Hearing**
26 **Room No.1, Phoenix, Arizona.**

27 IT IS FURTHER ORDERED that **direct testimony regarding the rehearing/reopening,**
28

respectively, of Decision Nos. 73938 and 73736 shall be filed by no later than October 4, 2013.

IT IS FURTHER ORDERED that rebuttal testimony regarding the rehearing/reopening, respectively, of Decision Nos. 73938 and 73736 shall be filed by no later than October 31, 2013.

IT IS FURTHER ORDERED that the Administrative Law Judge may rescind, alter, amend, or waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

DATED this 16th day of September, 2013.


DWIGHT D. NODES
ASSISTANT CHIEF ADMINISTRATIVE LAW JUDGE

Copies of the foregoing mailed/delivered this 16th day of September, 2013, to:

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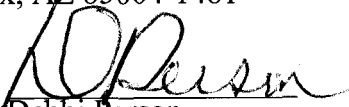
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